

Annualization Worksheet

MONTANA

Form ESA

Rev. 8-96

GENERAL INFORMATION ON ANNUALIZING

If your income fluctuates or is seasonal, you may be able to lower the amount of one or more required estimated tax installments by annualizing your income. To see if you can pay less for any period, **first complete** the estimated worksheet, Form ESW, then complete the annualized estimated worksheet (Form ESA). Complete one column before continuing to the next. This worksheet annualizes your tax at the end of each period based on a reasonable estimate of your income and deductions from the beginning of the tax year through the end of each period. If you use the annualized income worksheet for any payment due date, you must use it for all subsequent payment due dates.

If you use the annualized income installment method, you must file Form ESA (Estimated Annualized Worksheet). Attach Form ESA to your return when you file your 1997 income tax return.

		Jan. 1 - March 31 1st Period 1997	Jan. 1 - May 31 2nd Period 1997	Jan. 1 - Aug. 31 3rd Period 1997	Jan. 1 - Dec. 31 4th Period 1997
1. Montana AGI for the period as shown.	1.				
2. Annualization Amounts	2.	4	2.4	1.5	1
3. Multiply line 1 by line 2 (annualized income).	3.				
4. Itemized Deductions for each period. (see below)*	4.				
5. Annualization amounts.	5.	4	2.4	1.5	1
6. Multiply line 4 by line 5.	6.				
7. Standard Deduction. (see worksheet on back)**	7.				
8. Enter larger of 6 or 7.	8.				
9. Subtract line 8 from line 3.	9.				
10. Multiply \$1,520 x # of exemptions.	10.				
11. Subtract line 10 from line 9.	11.				
12. Tax on amount on line 11, use tax table on Form ESW.	12.				
13. Tax on lump sum distribution.	13.				
14. Add lines 12 and 13.	14.				
15. Tax Credits for each period.	15.				
16. Line 14 less line 15.	16.				
17. Old Fund Liability Tax	17.				
18. Total Tax - Line 16 plus Line 17.	18.				
19. Applicable Percentage.	19.	22.5% (.225)	45% (.45)	67.5% (.675)	90% (.90)
20. Multiply line 18 by line 19.	20.				
21. Add amounts in all preceding columns of line 27a.	21.				
22. Annualized income installment. Subtract line 21 from line 20. If less than zero enter 0.	22.				
23. Divide line 9 of Form ESW (Estimate Worksheet) by four (4) and enter result in each column.	23.				
24. Enter amount from line 26 of preceding column.	24.				
25. Add lines 23 and 24.	25.				
26. If line 25 is more than line 22, subtract line 22 from line 25, otherwise enter zero.	26.				
27a. Enter the smaller of line 22 or line 25.	27a.				
27b. Actual 1997 withholding for each period.	27b.				
27c. Subtract line 27b from 27a. This is your required estimated tax payment for each quarter.	27c.				

* 4. Enter your estimated 1997 itemized deductions for each period which include items such as contributions, medical, and dental expenses.

**7. The standard deduction is 20% of line 30, subject to the following limitations:
 Married or head of household: No less than \$2,520; no more than \$5,680
 Single: No less than \$1,260; no more than \$2,840

(A)

(B)

(C)

(D)



Standard Deduction Worksheet



Column A

Column B

1. Enter amount from line 35 of Form 2.

1. _____

2. Enter 20% of line 1.

2. _____

3. Enter the amount from below that corresponds to your filing status:

Joint or head of household
(filing status 2 or 6): \$5,680

Single or separate (filing
status 1, 3, 4, or 5): \$2,840

3. _____

4. Enter the amount from line 2 or line 3, whichever is smaller.

4. _____

5. Enter the amount from below that corresponds to your filing status:

Joint or head of household
(filing status 2 or 6): \$2,520

Single or separate (filing
status 1, 3, 4 or 5): \$1,260

5. _____

6. Enter the amount from line 4 or line 5, whichever is larger.

This is your standard deduction. Transfer this amount to line 36, Form 2.

6. _____

Questions? Please call 1-406-444-3674 or TDD 1-406-444-2830 for hearing impaired.

